



Addressing the 5010 / NCPDP / ICD-10 Challenge

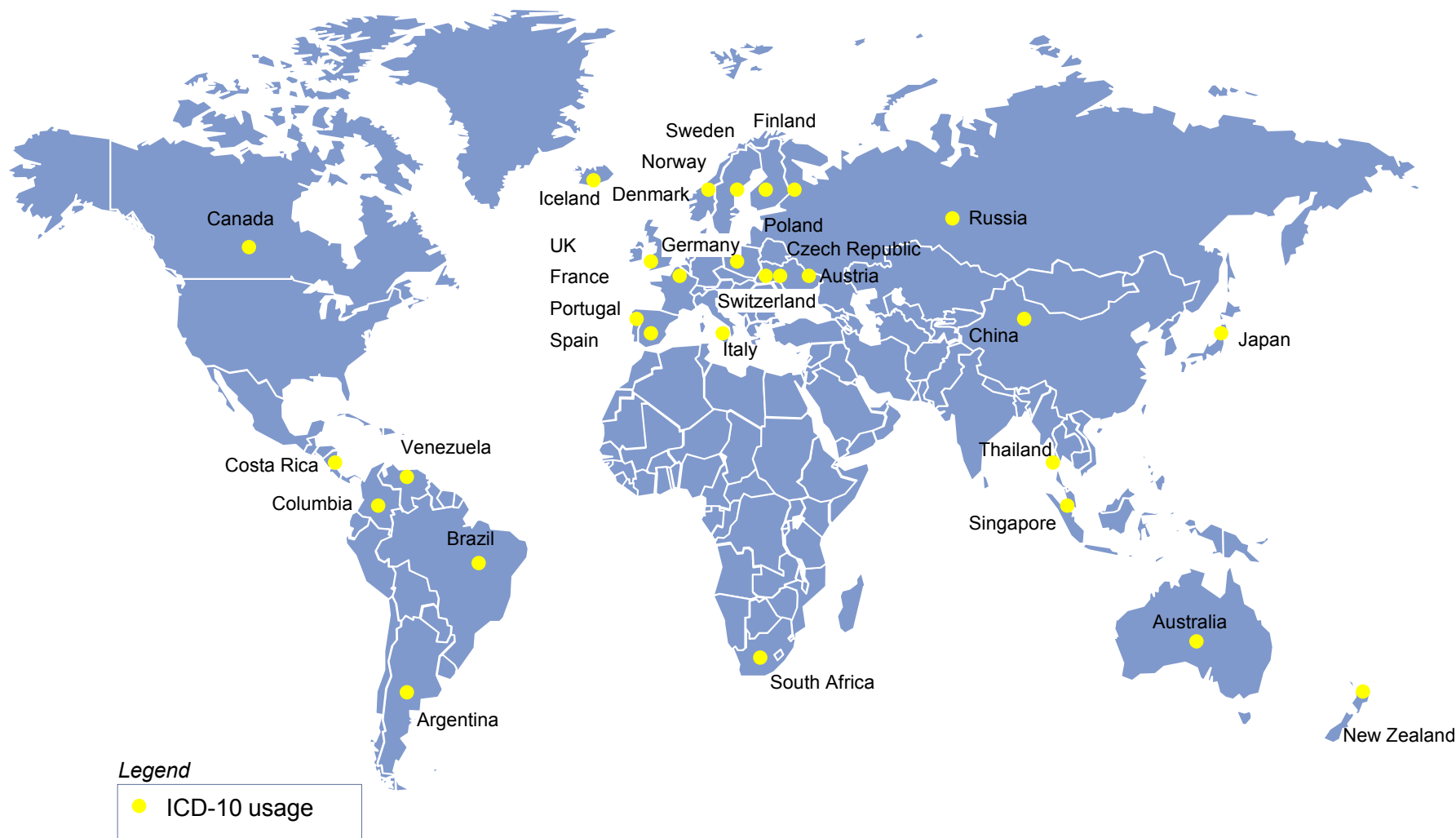
Presentation to the MaineCare Provider and Technical Advisory Groups

March 18, 2010



The World is Waiting for the U.S. to Implement ICD-10


The World Health Organization (WHO) adopted ICD-10 in 1990 and most industrialized countries have since wholly adopted it, except the U.S.



The U.S. is the only industrialized nation that is still using ICD-9 for health care delivery and administrative purposes

What are the Modifications to the HIPAA Standards?

Through the Centers for Medicare & Medicaid Services (CMS), the federal government is driving the health care industry to upgrade core HIPAA transactions (5010 and NCPDP), as well as diagnosis and procedure coding standards (ICD-10)

What	Change	When	Driver
<p>5010 <i>(Health Insurance Portability and Accountability Act X12 Version 5010)</i></p> <p>X12 5010 is a uniform standard for exchanging health care transactions via electronic data interchange (EDI)</p>	<p>Updates the X12 4010 electronic transaction standards adopted in 2000 and supports ICD-10 code sets</p>	<p>January 1, 2012</p>	<p>Federal Mandate</p>
<p>NCPDP D.0 / 1.2 <i>(NCPDP Telecommunications Standard D.0 / Batch Standard 1.2)</i></p> <p>The NCPDP standard is the uniform standard adopted for retail pharmacy transactions</p>	<p>Revises electronic standards for retail pharmacies from NCPDP 5.1 / 1.1 and implements a new Medicaid subrogation transaction</p>	<p>D.0 / 1.2 – January 1, 2012</p> <p>Medicaid Pharmacy Subrogation – January 1, 2013</p>	
<p>ICD-10 <i>(International Classification of Diseases Version 10)</i></p> <p>The ICD is the international standard diagnostic classification for general epidemiological, health management purposes, and clinical use</p>	<p>ICD-10 CM and PCS are upgrades of the U.S.-developed clinical modification of diagnosis and procedure codes, first adopted in 1979 (ICD-9-CM)</p>	<p>October 1, 2013</p>	

Implementing the HIPAA modifications may have the largest operational and technological impacts on the health care industry since Y2K

What Is Changing In HIPAA 5010 / NCPDP?

The HIPAA 5010 transaction set and the National Council for Prescription Drug Programs (NCPDP) electronic data transmission standards are both included in the final rule and contain a myriad of changes

Transaction Upgrades

Implications

5010 Changes

4010 Transaction	
837	Claims (institutional, professional, dental)
835	Payment and remittance advice
270/271	Eligibility (request/response)
276/277	Claim status (request/response)
834	Enrollment and disenrollment in a health plan
820	Premium payment
278	Referral certification/ authorization (request/response)

5010
1000's of changes

NCPDP Changes

Telecommunication Standard v. 5.1
and Batch Standard v. 1.1

Health care claims
Coordination of benefits
Eligibility for a health plan
(request and response)
Referral certification and
authorization (request and
response)

Supports Medicare
Part D and
streamlines
processing

Pervasive Impacts

- Exchanges with external partners require updates for many complex connection points
- Significant testing will be required

Multi-Disciplinary Challenge

- Business/technology strategy and planning required
- Technology remediation
- Business process reengineering and training required

What Does HIPAA 5010 Address?

A number of factors are the impetus behind the conversion from version 4010 to version 5010. These changes fall into four general categories and impact all nine HIPAA transactions

4010 Weaknesses

ICD-10 Not Accommodated:

ICD-10 diagnosis and procedure codes are not supported by 4010 data structure

Data Limitations:

Limited ability to transmit detailed information like detailed COB and eligibility details and condition details such as "Present on Admission" (POA)

Data Redundancy:

Data repeated within multiple loops of transactions creates confusion and requires additional effort to complete and review transactions

Ambiguity in Guidance:

Technical report layouts differ by transaction; unclear and ambiguous instructions about required elements

5010 Enhancements

Structural:

- Adds new data elements
- Modifies length of existing elements
- Removes data segments and elements

Educational/Instructional:

- Restructures content of instructional section for ease of use
- Clarifies previously ambiguous wording and adds topics/instructions
- Standardizes location of topics across transactions

Technical Changes:

- Streamlines the data collected and transmitted on transactions
- Removes illogical and excessive loop and segment repeat counts

Data Content:

- Reduces data redundancies
- Improves consistency across transactions
- Adds necessary relevant information to transactions

What is Changing in ICD-10?

ICD-10 codes introduce greater detail, specificity, and complexity when recording the inpatient diagnosis and procedures

ICD-10 Changes

Complete Overhaul of Diagnosis & Procedure Codes

ICD-9-CM (Diagnosis)
5-digit numeric
≈ 14,000 unique codes



ICD-10-CM
7 alphanumeric characters
> 68,000 unique codes

ICD-9-CM (Procedure)
4-digit numeric
≈ 4,000 unique codes



ICD-10-PCS (Inpatient)
7 alphanumeric characters
> 72,000 unique codes

Implications

Pervasive Impacts

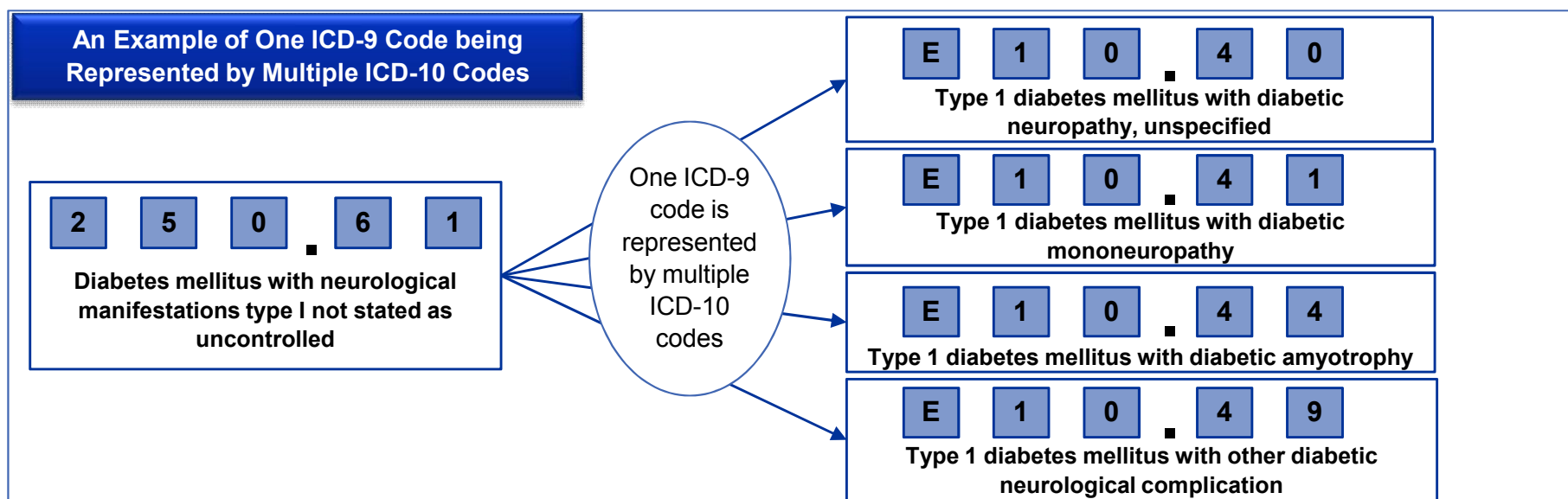
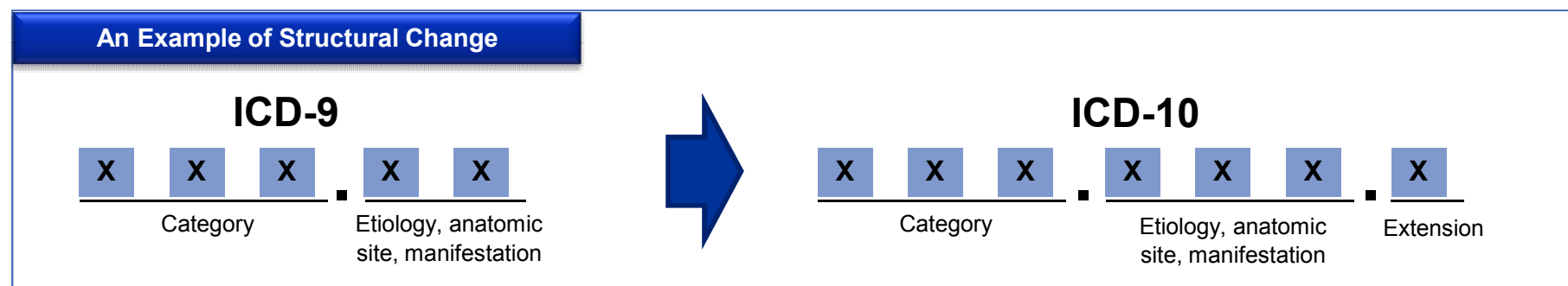
- Diagnosis codes and procedure codes flow through mission-critical operational systems and analytical tools
- Enterprise training required for both payers and providers
- Significant data exchanges involve ICD-9
- Currently is no full, standardized crosswalk between ICD-9 and ICD-10

Multi-Disciplinary Challenge

- Business/technology strategy, planning, and technology remediation are required
- Business process reengineering, training, and change management is essential

An Example of an ICD-10 Change

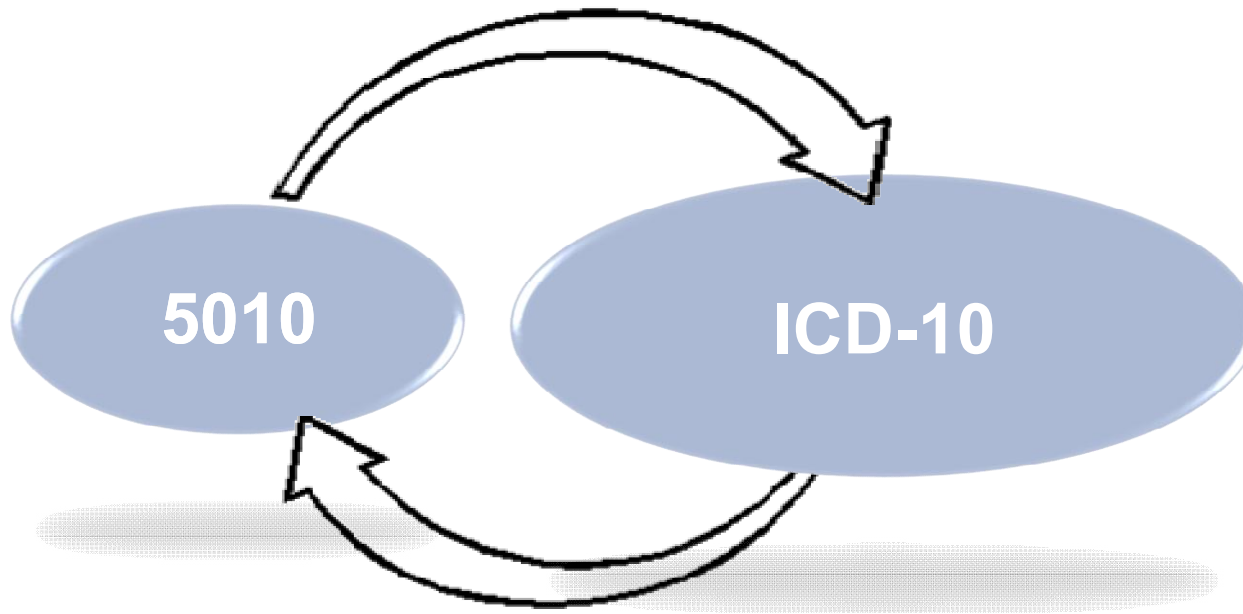
The ICD-10 code set is a full replacement of the ICD-9 code set that will provide additional granularity for diagnosis and procedure codes. This additional granularity is the primary driver of value



The industry expects that mapping ICD-9 and ICD-10 codes will be a complex task

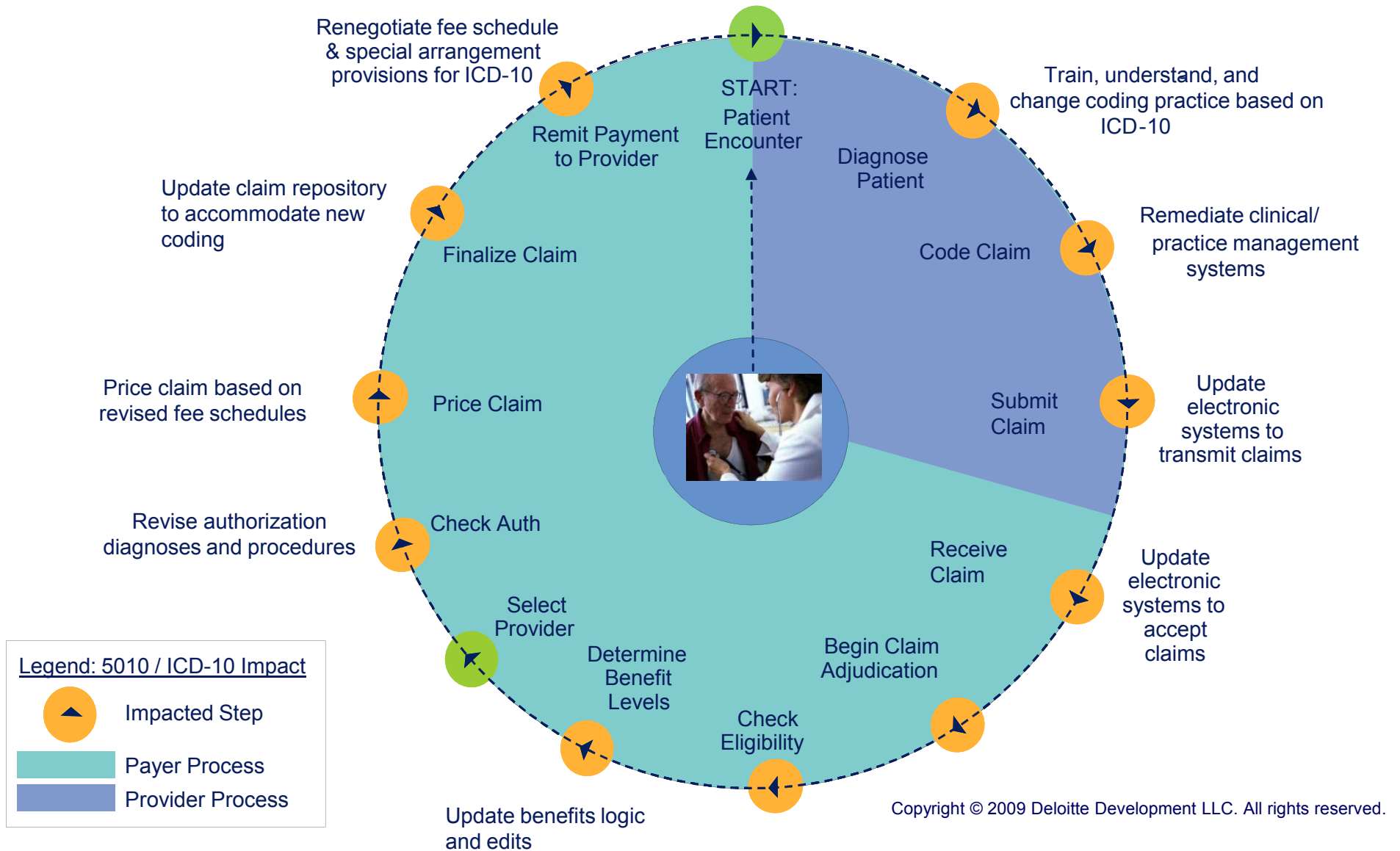
5010 and ICD-10 Interdependency

Although 5010 and ICD-10 have a distinct set of requirements, policies, and compliance deadlines, they are inextricably linked and must be analyzed and addressed together



- 5010 provides infrastructure and “piping” for the ICD-10 solution
- 5010 and ICD-10 will impact numerous identical processes and systems
- Solutions for overlapping processes and systems must be designed together to prevent unnecessary rework and costs

Impact of 5010 / ICD-10 Changes on the Claim Life Cycle



Significant remediation effort will relate to business process changes and operational impacts

Potential Value from HIPAA 5010 and ICD-10

Both 5010 and ICD-10 have the potential to create value for all covered entities. However, there are some potential risks as well

Opportunity Dimension	Description
Clinical Health & Wellness	Potential to improve effectiveness in identifying medical trends, effectiveness of utilization review and disease identification, and efficiency of related clinical programs across CM, UM, and DM that may benefit from more granular clinical data
Provider Network	Potential to work with providers to develop joint programs such as operational readiness, ICD-10 education, clinical record opportunities, and related improvement opportunities
Analytics	Potential to leverage the more granular ICD-10 data to provide analysis, trends and visibility into a number of key areas such as utilization, fraud and abuse, predictive modeling, and related areas
Claims	Potential to utilize the 5010 data enhancements and ICD-10 for operational efficiencies as well as financial insights and management
⋮ Others	

RISK

- ?** - Industry Adoption - **?**
- Regulatory Changes (Reform) -
- Potential Compliance Delays -

Industry Status



Private Sector Payers

- ✓ Commercial payers are leading readiness efforts at this time
- ✓ Large health plans have completed assessments and are deep into planning and remediating; mid-size health plans generally are in assessment phase
- ✓ 5010 / ICD-10 looks to be more costly and complex than anticipated



Providers

- ✓ Provider efforts are lagging somewhat; providers that are moving forward (mostly large providers) are in the assessment phase
- ✓ Some providers believe vendor solutions will address, but have not considered business impact



Public Sector Payers

- ✓ CMS indicates it will be ready – testing is in progress
- ✓ State Medicaid programs are generally in the “awareness” phase of preparedness, but are beginning to take action

What Should I Do To Prepare For 5010 / ICD-10?

Both providers and health care payers need to define their 5010 / ICD-10 strategies and develop their implementation roadmaps, starting with completing a comprehensive impact assessment

Next 5010 / ICD-10 Preparation Steps

1

Identify and educate enterprise stakeholders on 5010 and ICD-10 regulations

2

Identify business processes and systems impacted by 5010 / ICD-10 changes through an impact assessment

3

Highlight and prioritize areas with high 5010 / ICD-10 impacts

4

Evaluate solutions and associated costs

5

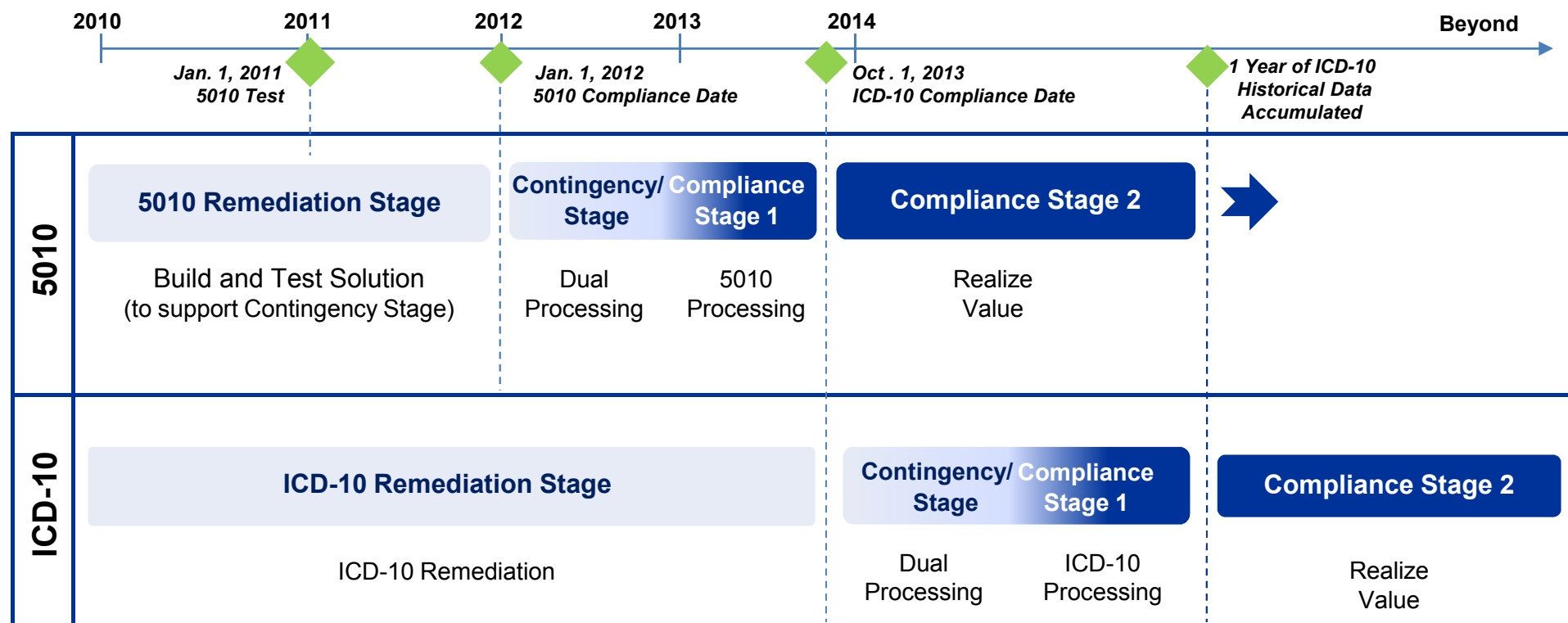
Develop implementation plan, including integration with other strategic initiatives

6

Launch program and execute associated projects

5010 / ICD-10 Compliance Timeline

5010 / ICD-10 adoption requires a multi-year planning and implementation effort



Takeaways:

- *The industry needs to prepare for periods of dual processing*
- *It may take years to realize potential 5010 and ICD-10 value*

MaineCare's Efforts are Underway

MaineCare's Current Status

- Drafting 5010 / ICD-10 P-APD for submission to CMS
- Preparing PBM RFP, which incorporates NCPDP revisions
- Preparing to respond to CMS "readiness assessment" (due 3/31/2010 and updated periodically thereafter)
- Beginning to organize internal project team
- Identifying internal and external resource needs

Recommended Near-Term Actions:

- ✓ **Conduct impact assessment**
- ✓ **Develop high-level road map**

Resources Available from CMS: www.cms.hhs.gov

- General education:
 - ICD-10-CM / PCS Myths & Facts
 - ICD-10 Questions and Answers
 - ICD-10 Clinical Modification / Procedure Coding System Fact Sheet
 - ICD-10 Overview Presentation
- Provider education:
 - ICD-10-CM / PCS for Physician Specialty Group Representatives Presentation
 - Series of national conference calls for providers
 - Next scheduled call (requires registration)
Basic Introduction to ICD-10-CM National Provider Conference Call
Tuesday, March 23, 2010
1:00 PM - 2:30 PM (Americas) Eastern Time (US & Canada)
- Mappings:
 - ICD-10-CM / PCS Implementation and General Equivalence Mappings (Crosswalks) Overview Presentation
 - Second in Series: General Equivalence Mappings – ICD-9-CM to and from ICD-10-CM and ICD-10-PCS Fact Sheet
 - ICD-10 Reimbursement Mappings

Questions



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